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SUBJECT: LATVIA TO PUSH FOR EU EASTERN PARTNERSHIP

REF: BRUSSELS 1808

Classified By: Ambassador Anne E. Derse, for reasons 1.4 (b,d).

¶1. (C) SUMMARY: On December 1 the Ambassador met with the Latvian MFA's Undersecretary of State Peteris Ustubs to discuss the EU's proposed Eastern Partnership. Ustubs stressed that while it is a multilateral proposal, all six countries will not receive the same engagement. Expanded EU engagement in Azerbaijan is certainly positive, but given the mixed record the EU has had in implementing projects in Azerbaijan, EU interlocutors expect the GOAJ will be hard pressed to make the reforms necessary to take full advantage of the EU offers. END SUMMARY.

¶2. (C) On December 1 the Ambassador met with Peteris Ustubs, Under-Secretary of State and Political Director of the Ministry of Foreign Affairs of Latvia. Latvia's Ambassador to Azerbaijan Mihalis Popkovs and Kristaps Brusbardis of the Latvian MFA also attended the meeting.

¶3. (C) Ustubs stated that he came to Azerbaijan to discuss and to promote the European Union's proposed Eastern Partnership Program (reftel), which he described as an important initiative to draw the EU's Eastern neighbors further into the European fold, and a completely new policy line from the EU. He believes the Neighborhood Policy failed because it was too bureaucratic, and that this new Partnership would be more political. The European Commission plans to announce the Eastern Partnership this week during the annual Cooperation Council with the three South Caucasus countries, but only as a Commission proposal, because it has not yet been approved by the member states. The formal launch is expected at a summit in Prague in April, but the final Partnership may be less extensive than the current draft.

¶4. (C) Ustubs was careful to state that not all six countries to be included in the plan would be engaged at the same level or speed. A document would be created setting out steps for each country individually. (Note: In a separate conversation, EU Ambassador Alan Waddams said that primary efforts would be steered toward Ukraine; Belarus, on the other hand, would probably lag the pack.) For Azerbaijan the most important elements would be free trade, or possibly trade preferences, that would help Azerbaijan diversify its economy. There will also be an energy dimension to the plan. Visa facilitation would be a stickier point with some of the larger member states, however.

¶5. (C) Ustubs believes that 2009 is the window of

opportunity to expand the EU engagement to the East, as the Czech Republic and then Sweden will hold the rotating presidency of the EU. Ustubs believes, however, that the speed with which this Partnership has gone forward is a direct consequence of the conflict with Georgia. He believes the larger member states, particularly Germany, realized after the conflict the importance of engagement to the East.

16. (C) In a subsequent meeting with the Deputy Chief of Mission, European Commission Desk officer for Azerbaijan Aili Ribulis also stated that this partnership proposal was a result of the conflict in Georgia. She explained that the partnership would include increased funding for Azerbaijan. However, she detailed a number of problems the EU is having now in getting their current funding agreements signed by the GOAJ. The GOAJ needs to sign an agreement on a project on energy sector reform by the end of 2008 or the money will be lost, but Ribulis believes they will not get a signature in time, blaming the complex interagency approval process coordinated by the Cabinet of Ministers.

COMMENT

17. (C) The GOAJ is likely to look positively on this increased engagement by the EU. President Aliyev has long sought more substantive engagement with the EU as a critical element in pushing Azerbaijan towards realization of its vision of European modernity. Many GOAJ officials have complained recently of not getting enough from the West in return for Azerbaijan's contributions, and therefore the

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offer of an Association agreement is a major step forward. Given the problems the EU has had in implementing its current projects in Azerbaijan however, it is not clear whether the political will exists within the GOAJ to make the reforms necessary to take full advantage of the EU offers. Adding energy into the mix could further complicate the effort. Notwithstanding the acknowledged difficulty of simply getting things done in Azerbaijan's sclerotic bureaucracy, the proposed Eastern Partnership could make an important contribution to reform in Azerbaijan.

DERSE